

EXHIBIT 8

DATE 03/20/07

SB 328

### **SB 328**

# Montana-produced foods to state institutions: **optional** procurement exception

### What does SB328 do?

SB 328 gives new flexibility to Montana's public institutions, such as schools and universities, to buy Montana-produced food products. It exempts Montana-produced food from the Montana-procurement act. Use of this exemption is completely optional for public institutions.\*

# Who will benefit?

- Montana's public institutions will have increased opportunities to procure high-quality, Montana-produced food.
- Eaters at public institutional food services will have increased opportunities to support Montana's food and farm economy.
- Montana's farmers, ranchers, and food processors can better move into Montana's \$32 million public institutional food service market.

## Why do we need SB 328?

Current state procurement laws require Montana institutions to buy the cheapest product without regard for where the product originated. This requirement restricts food service managers' ability to purchase Montana-produced food if it costs even a penny more than the national competition. SB 328 will allow institutions who want to purchase Montana-produced food to do so.

# Which institutions can participate?

Because this is an optional exemption, any public institution (hospitals, prisons, universities, K-12 schools) can choose to participate unless they are using federal dollars for the purchase. Because of a federal restriction and other budget constraints, colleges and universities are most likely to use the opportunity provided by SB 328.

<sup>\*</sup> In SB 328, "Produced" means planted, cultivated, grown, harvested, raised, collected, or manufactured."



## How much will it cost?

Nothing. SB 328 requires that food purchasers stay within their current budgets. So though an institution may pay more for one Montana-produced food item, SB 328 does **not** allowed them to increase their total budgets.

### Do other states have similar laws?

Yes. At least thirteen states have laws allowing, encouraging, or mandating institutional purchases of locally-grown food. SB 328 is most similar to laws in Colorado and New York.\*

Are any institutions already buying Montana-produced food?

Yes. Since 2003, The University of Montana has spent \$1 million on local and regionally-produced food through its Farm to College program. Last summer, UM Western-Dillon, Salish Kootenai College, Montana State University-Bozeman, and Missoula County Public Schools launched similar initiatives.

How is SB 328 different from a "procurement preference"?

A procurement preference gives a certain monetary percentage advantage to resident bidders. SB 328 refers to the product ("Montana-produced food"), not the residency of the bidder. Further, it provides no monetary percentage preference. It simply removes "Montana-produced food" from the Montana Procurement Act.

# Who will oppose SB 328?

We have not identified any group whose interests are threatened by SB 328. Even the national food distributors have corporate commitments to offering locally grown food. While the bill's concept is simple, misinterpretation of the fairly complex bill language will be our biggest challenge to overcome.

\*States with similar legislation: Washington, Colorado, Oklahoma, Kentucky, New Mexico, Delaware, Maryland, Connecticut, California, Massachusetts, New York, Pennsylvania, Vermont.



**Environmental Studies Program** 

Rankin Hall

The University of Montana Missoula, Montana 59812-4320

Phone: (406) 243-6273 Email: evst@mso.umt.edu http://www/umt.edu/evst

January 26, 2007

TO: Senate Agriculture Committee

FROM: Dr. Neva Hassanein, Associate Professor neva.hassanein@umontana.edu

RE: Informational testimony on SB 328

Thank you for the opportunity to submit informational testimony on SB 328, which would make it easier for Montana's public institutions to support our state's farmers and ranchers. I regret that I am not able to attend the hearing in person.

As you may know, the University of Montana's Dining Services created the Farm-to-College Program in 2003. Through Farm-to-College, the UM strives to purchase local and regional foods to serve in its dining halls and catering services. Some of my students and I have been involved in the initiative since the beginning. Most recently, during the spring of 2006, a group of ten graduate students and I conducted a comprehensive study looking at the impact of the program on Montana. I am attaching a summary of the major findings of our research.

As you will see, there is <u>very</u> strong support for this program from the Dining Services staff, the Montana vendors who sell their food products to the University, and the students. Students and staff greatly appreciate the opportunity to support Montana's farmers and ranchers and to keep money circulating in the state. Indeed, the program has poured about \$1 million into the state's economy since its inception.

Our research revealed, however, that the program is about much more than dollars: it serves to forge new connections, knowledge, and understanding. Students, faculty, and staff have learned a great deal about the quality of Montana's food products and the constraints our producers operate under. Many vendors who participate in Farm-to-College report learning more about what it takes to sell into a major institution and how best to meet those needs. In addition, the research documents the considerable energy savings and pollution reduction that occurs when we purchase food from sources that are closer to the point of consumption.

SB 328 would simply remove barriers for those public institutions that want to buy Montana grown or processed foods. It's a simple – but significant – step that will yield not only economic, but also social and environmental benefits for Montanans.

I hope that you find the research findings useful and of interest. Please feel free to contact me if there are questions or if I can be of assistance in any way. Thank you for your consideration of this legislation.

January 26, 2007

Senate Agriculture, Livestock and Irrigation Committee Captital Building Helena, MT 59602

Re: SB 328

Dear Chairman Hanson and Committee members,

I would like to thank Senator Steinbeisser for his introduction of SB 328, a bill that will provide a voluntary exemption of Montana –produced food from state procurement laws. The Mission Mountain Food Enterprise Center is the only food business incubator in the state. Located in Ronan, MT we currently work with producers and entrepreneurs who are developing value added agricultural enterprises or food businesses. Several of these companies are attempting to service the public institutional marketplace. They are often hindered from entering these markets with their products because of the existing state procurement laws. The public institutional marketplace is a great opportunity for our producers and food entrepreneurs to expand their operations and businesses. This bill would level the playing field for our Montana producers and allow them access to this growing market.

I urge you to approve this bill as a committee and send it to the full Senate for their consideration.

Thank you for your consideration.

Jan Tusick

Jan Tusick- Program Manager Ag Enterprise/Cooperative Development Program

# University of Montana-Missoula University Dining Services Annual Farm To College (FTC) Purchases

	FY 03	FY 04	FY 05	FY 06	(7/1-12/31) <b>FY07</b>	FTC Purchases to Date
Gross Revenue	8,193,211	8,537,426	8,873,461	9,240,899	5,342,718	
Total Food Purchases	2,905,642	2,972,659	3,115,280	3,131,185	1,738,449	
FTC Purchases	230,169	260,872	403,850	474,552	273,668	1,643,111
Food Cost as a % of Gross Revenue	35.5%	34.8%	35.1%	33.9%	32.5%	
FTC Purchases as a % of Total Purchases	7.9%	8.8%	13.0%	15.2%	15.7%	
% Local	65.0%	69.0%	80.0%	86.4%	89.0%	
% Regional	35.0%	31.0%	20.0%	13.5%	11.0%	
# of FTC vendors		14	41	46	40 *	
*Reflects seasonality and migration to Sysco distribution by some FTC vendors	oution by some F	TC vendors				



The Orchard at Flathead Lake, LLP 23126 Yellow Bay Lane Bigfork, MT 59911 Ph: 406-982-3058

Fax: 419-858-2650 www.FlatheadOrchard.com

Montana State Legislature January 25, 2007

### Dear Legislators:

I am writing to ask you to please support SB 328, Montana Food to Institutions.

My husband, Gary, and I both grew up in Montana, in Butte and Bigfork, respectively. After Gary received his Electrical Engineering degree from MSU, we moved to the Midwest. We enjoyed our time there, but knew that when I finished school, we were headed west. The day after I received my Chemical Engineering degree from Cleveland State, we got into our Ryder truck and headed for California. We would have loved to have been heading for Big Sky country, but what in the world would a couple of engineers do here?

We spent seven years in Napa, California. A beautiful place. We had great jobs. But in 2001 our first child was born. He definitely changed our perspective and our world. We started looking for ways to get back to Montana so we could raise Benjamin where we grew up. We wanted him to grow up with his family near, and we wanted him exposed to the values that we believe are a part of growing up in Montana: a sense of community, a good work ethic, a commitment to helping those around you when they are in need. We just didn't find those same values in any of the places we had lived. After 9/11, going home became an imperative.

Gary's family has owned a cherry orchard on Flathead Lake since 1976. His dad's failing health and untimely death in March of 2002 left his mother alone to care for 10 acres and some 350 trees. We decided that we would come home and take stewardship of the orchard, and see if we couldn't make a go of it. Gary grew up on the orchard and I spent a lot of time on my family's cattle ranch in Divide. I also had become a winemaker since moving to Napa and had been involved in growing wine grapes. We felt we definitely had the background and, more importantly, the incentive to become farmers. In November of 2002 we bought his mother's orchard. By the following summer, we were selling fresh fruit and vegetables, along with Cherry Jam, Cherry BBQ Sauce, Dried Cherries, and Apple Butter under "The Orchard at Flathead Lake" label. In July 2006, we were officially certified "Organic" by the MT Department of Agriculture. We started getting familiar with groups like AERO who support the "BUY FRESH, BUY LOCAL" campaign. We have sold fruit to U of M in Missoula... their "farm to college" program is making great strides and they are very committed to buying what they can from local producers. We have talked to many restaurateurs, bakeries, and markets who are also trying to do what they can to support local producers. Montana has such a wonderful variety of crops produced here, and such a wonderful variety of people producing those crops. Although a diverse bunch, one thread is common to us all... our desire to live and make a living in Big Sky country. And as our businesses flourish, the benefits to the local and state economies are obvious. Please support our efforts by helping state agencies support local farmers. Once local foods are available to them, these entities will see what a quality source of food their own backyard is, and wonder why they ever looked elsewhere.

Thank you for your time,

Heidi A. Johnson, Partner

Leslie Kline Good Egg Farm 50537 Moiese Valley Rd Ronan, MT 59864

To Senator Hansen and the members of the Senate Agriculture Committee:

I write to urge you to support SB 328, Montana Food to Institutions.

I run a small farm near Ronan, MT, where I raise laying hens, cows, hay and vegetables. I depend entirely on local markets to sell my eggs, beef and other produce.

I know that my customers value the high quality and freshness of what I produce, and value as well the opportunity to buy their food locally. It only makes sense that Montana institutions such as universities, schools and hospitals be able to do this too. In fact, where is high quality, fresh food needed more than at these places?

As most any farmer knows, it is not easy to make a living farming. On our smaller operations, we can't always compete with the prices of larger producers. But we can compete with quality, variety, freshness and service. By giving institutions more flexibility in their purchasing choices, everybody wins. Institutions can support the local economy, people eating at these places will have high quality local food, and Montana farmers will gain some important market opportunities. Please support this bill.

Thank you for your time and consideration,

Leslie Kline